

EX PARTE OR LATE FILED



Charles L. Ward  
Government Affairs Director

Suite 1000  
1120 20th Street, NW  
Washington, DC 20036  
202 457-3884  
FAX 202 457-2545

March 9, 1995

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

RECEIVED

MAR 9 1995

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

RE: Ex Parte Presentation

[CC Docket Nos. 79-252, 93-197/80-1861]

DOCKET FILE COPY ORIGINAL

Dear Mr. Caton:

On Wednesday March 8, Neil Briskman, Al Lewis, Doug Quinn, Gerard Salemme and I met with Anna Gomez, Michael Katz, Richard Metzger and Kathleen Wallman to discuss the above-captioned dockets and the attached presentation materials.

Because the meeting was held late in the day, two copies of this Notice are being submitted on the following business day to the Secretary of the FCC in accordance with Section 1.1206(a)(1) of the Commission's rules.

Sincerely,

Attachments

cc: Ms. Anna Gomez  
Mr. Michael Katz  
Mr. Richard Metzger  
Ms. Kathleen Wallman

No. of Copies rec'd  
List A B C D E

2+2

---

# THE LIGHT USER SEGMENT OF THE LONG DISTANCE MARKET

---

Presented by:

D. J. Quinn

AT&T Consumer Communications Services

March 8, 1995

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

MAR 9 1995

RECEIVED

## ***Purpose***

---

- **Provide insights on “Light Long Distance Users”**
- **Follow-up on \$0-\$3 Long Distance customers**

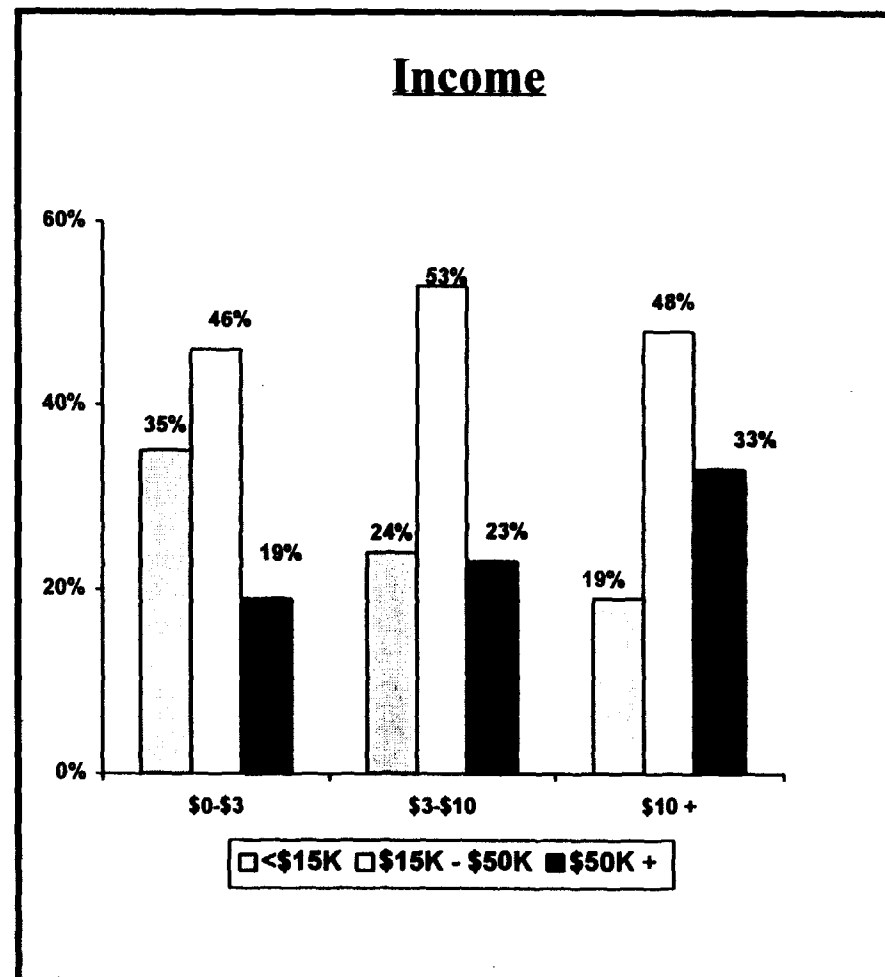
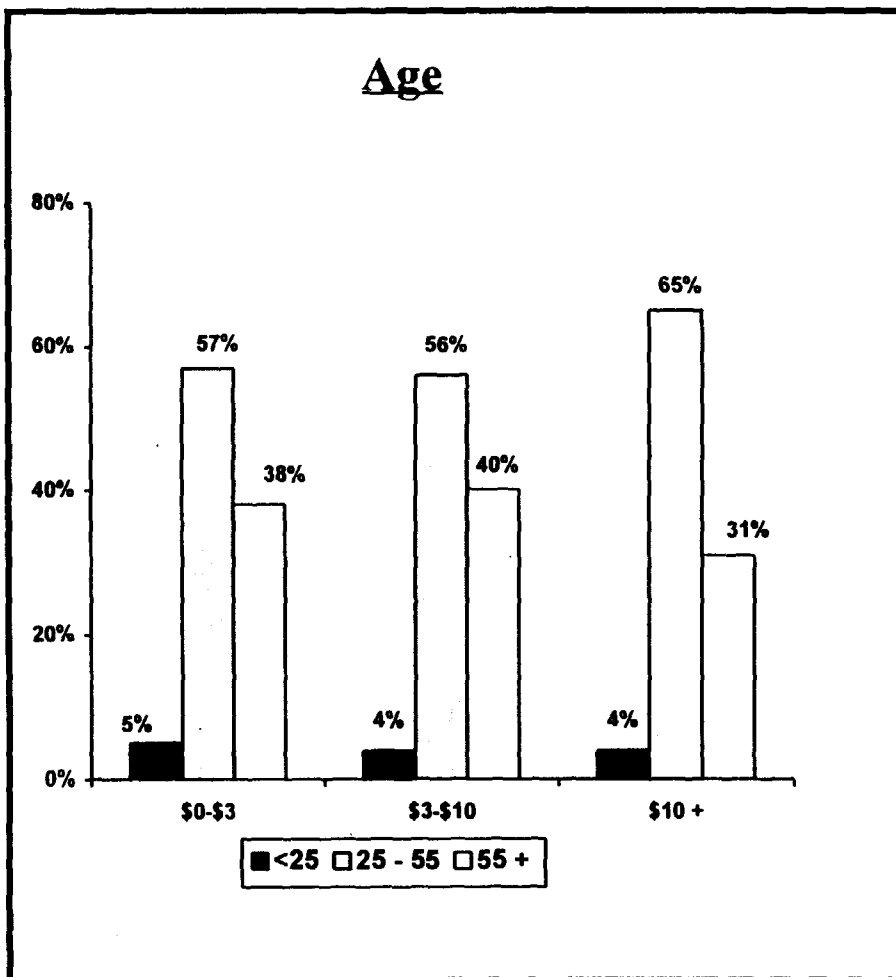
***Existing marketplace dynamics adequately serve light users***

---

- **Consumer Profile comparable to heavier users**
- **Competition for light users exists**
- **Excessive Low End Pricing would alienate 47% of total AT&T customers - most having high future potential**

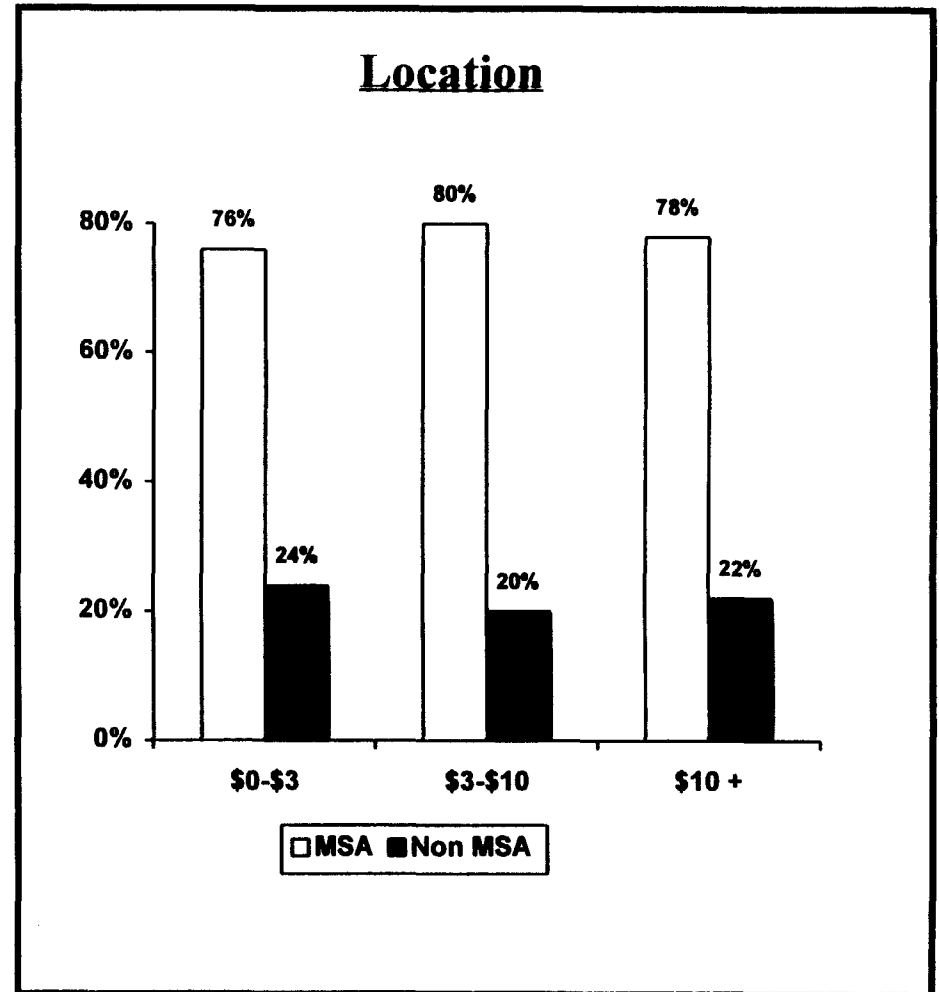
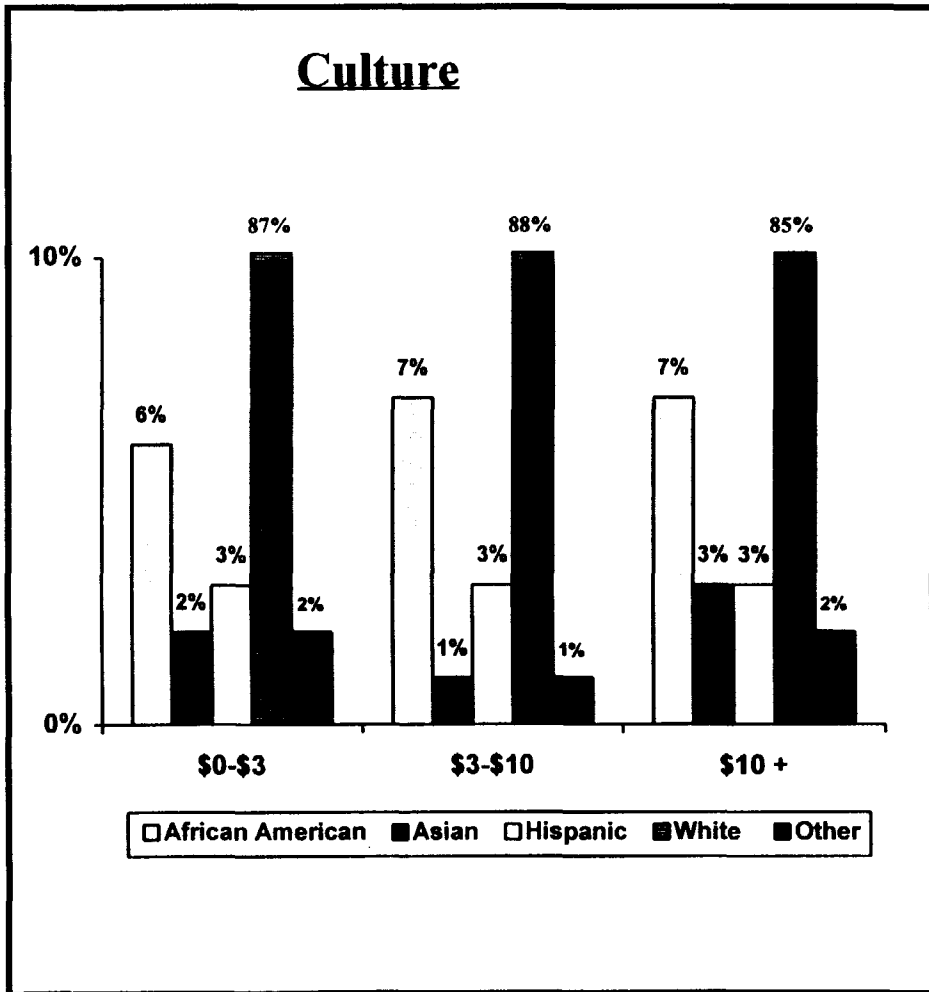
## *The Consumer profile of Light LD Users is comparable to heavier users*

---



## *The Consumer profile of Light LD Users is comparable to heavier users*

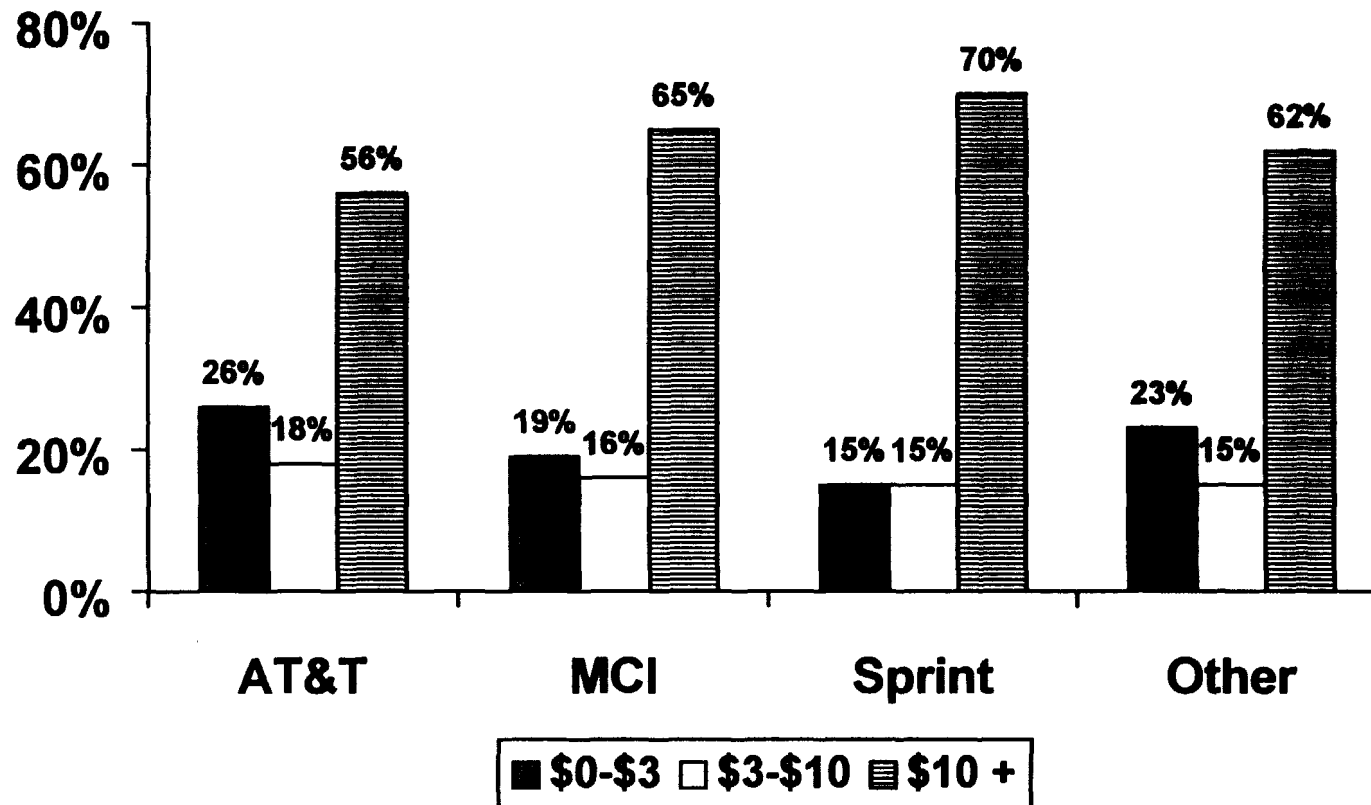
---



## *All Major Carriers have light users in their customer base*

---

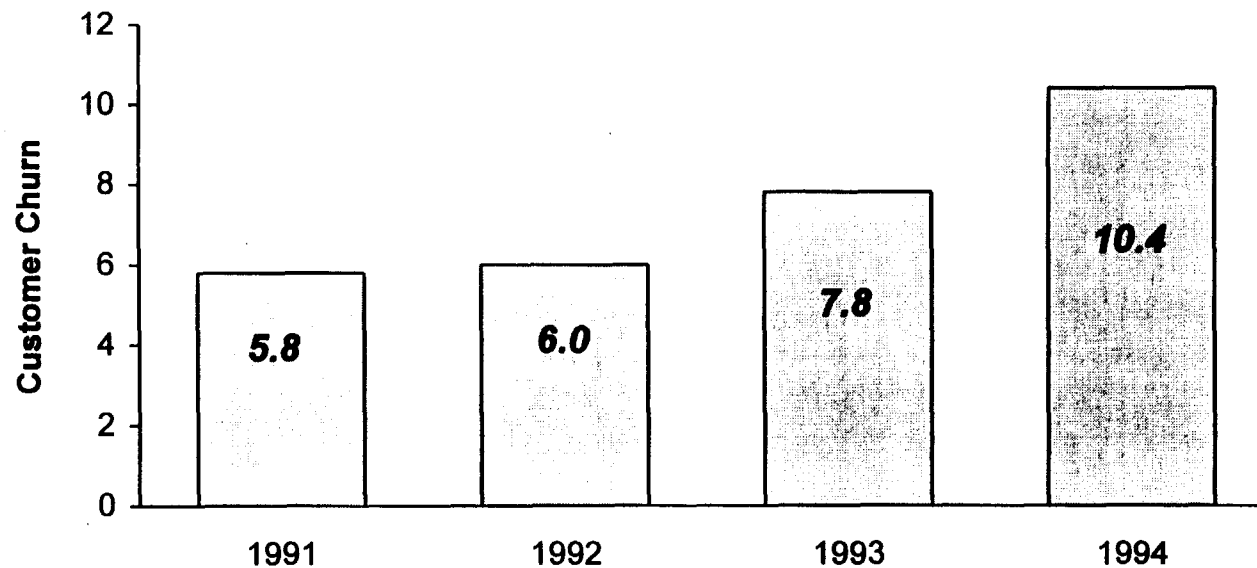
**Distribution of Customers by Long Distance Carrier**  
**based on Customer-reported Long Distance Usage Level**



## ***Competitive Movement in the Light User LD Market is Growing Rapidly***

---

**Light User LD Customer (\$0-\$10/month) Industry Churn  
(in millions of customers)**





## ***The majority of Light Users have high future potential***

---

### **Average Monthly Dollars per Customer** **Customer Reported Industry Data**

	<b>\$0-\$3 LD/month</b>	<b>\$3-\$10 LD/month</b>	<b>\$10 + LD/month</b>
<b>LD</b>	<b>\$.50</b>	<b>\$6.00</b>	<b>\$38.75</b>
<b>Local/IntraLATA</b>	<b>\$26.25</b>	<b>\$30.50</b>	<b>\$46.75</b>
<b>Cellular</b>	<b>\$2.00</b>	<b>\$2.75</b>	<b>\$5.00</b>
<b>Cable</b>	<b>\$13.75</b>	<b>\$17.00</b>	<b>\$18.50</b>
<b>Equipment</b>	<b>\$2.25*</b>	<b>\$2.25*</b>	<b>\$2.50</b>
<b>Total</b>	<b>\$44.75</b>	<b>\$59.00</b>	<b>\$111.50</b>

**\* \$0-\$10**

***However, over half of Light Long Distance Users currently fall below break even***

---

Monthly LD Revenue	% Total AT&T Customers	% Total AT&T Minutes	% Total LD Revenue
\$7-\$10	8	4	3
\$5-\$7	6	2	2
\$3-\$5	8	2	1
\$0.01-\$3	21	2	1
Hard Zero	4	0	0
Total	47%	10%	7%

*Break Even*

***Improving profitability cannot be achieved through pricing alone but through a combination of initiatives***

**Initiatives**

- **Cost Improvements (e.g., bi-monthly billing)**
- **Creative, cost-effective marketing to stimulate usage**
- **Alternate allocation approach of USF/Life-Line Assistance**
- **Pricing Action**

## *Summary*

---

- **Government regulations protecting light users are not required given current marketplace dynamics**
- **Unnecessary regulations should be eliminated to allow the marketplace to function freely**
- **Changes in USF allocation will significantly improve the attractiveness of the light user to the industry**